

Himachal Pradesh (Promotion of Generation from Renewable Energy Sources, and Terms and Conditions for Tariff Determination) Regulations, 2017*

HIGHLIGHTS

Tariff Period	Technology	No. of Years
	Non-fossil fuel based co-generation, biomass based on Rankine cycle, biomass gasifier, biogas, wind, solar thermal, and any other renewable energy technology approved by MNRE.	As may be fixed by the Commission
	Solar PV.	25
	Small hydro.	40
Control Period	From 1 October 2017 to 31 March 2020 unless reviewed earlier or extended by the Commission.	
Useful Life of a Plant	Technology	No. of Years
	Non-fossil fuel based co-generation, biomass, municipal solid waste (MSW)/refuse derived fuel (RDF) based power projects.	20
	Wind, solar PV, solar thermal.	25
	Small hydro	40
	Any other RE technology approved by MNRE.	As may be fixed by the Commission

	Technology	Net Tariff (Rs./kWh)
	Solar PV projects up to 1 MW**	4.20
	Solar PV projects between 1 MW and 5 MW**	4.15
	Small hydro (above 100 kW and up to 2 MW).	3.79
	Small hydro (above 2 MW and up to 5 MW).	3.61
	Small hydro (above 5 MW and up to 25 MW).	3.44
Technology-wise Net Tariff	<p>Generic levelised tariff will be determined in the following cases:</p> <ul style="list-style-type: none"> • For small hydro projects which were: <ul style="list-style-type: none"> - Commissioned on or after 1 January 2015 and • Have no PPA approved by the Commission before the date of commencement of these regulations. • Have no joint petition for approval of PPA before the Commission. • Have not commenced operations prior to the date of commencement of these regulations. • SHP projects covered by the above clauses shall adopt either project- specific or generic levelised tariffs, or any mutually agreed tariff, or a tariff determined by competitive bidding. • RE technologies other than SHP and SPV shall adopt: <ul style="list-style-type: none"> - Either generic levelised tariff at Commission determined terms and conditions issued from time to time, or - Project-specific tariff at the time of jointly applying for PPA, or - Tariff discovered through competitive bidding following Commission determined terms and conditions. 	

Capital Cost	<ul style="list-style-type: none"> All capital costs are for FY 2017-18. For subsequent years the capital cost will be determined using indexation formula given in Regulations. 	
	Technology	Capital Cost (in Rs.lakh/MW)
	Solar PV projects up to 1 MW.	432.40
	Solar PV projects between 1 MW and 5 MW.	426.00
	Small hydro projects above 100 kW and up to 2 MW.	880.00
	Small hydro projects above 2 MW and up to 5 MW.	850.00
	Small hydro projects above 5 MW and up to 25 MW.	800.00
	<ul style="list-style-type: none"> For all other technologies, the capital cost is determined by the Commission from time to time. 	
Operations and Maintenance (O&M)Expenses	Technology	O&M Cost (in Rs. Lakh/MW) FY 2017-18
	Solar PV projects up to 1 MW.	7.82
	Solar PV projects between 1 MW and 5 MW.	7.82
	Small hydro projects above 100 kW and up to 2 MW.	33.00
	Small hydro projects above 2 MW and up to 5 MW.	29.00
	Small hydro projects above 5 MW and up to 25 MW.	24.00
	For all other technologies - as stipulated in relevant orders of the Commission.	
O&M cost shall be escalated @ 5.72% per annum.		
Capacity Utilization Factor	<ul style="list-style-type: none"> 55% for all SHP projects. 19% for SPV projects. As stipulated in relevant orders of the Commission for other technologies. 	
Auxiliary Consumption	<ul style="list-style-type: none"> 1% of gross generation for SHP projects. As stipulated in relevant orders of the Commission for other technologies. 	

	S. No.	Category of Small Hydro Project	Free Power Structure
Free Power by SHP Projects	1.	Above 100 kW and up to 2 MW.	3% for the first 12 years and 13% for the remaining 28 years.
	2.	Above 2 MW and up to 5 MW.	7% for the first 12 years and 13% for the remaining years.
	3.	Above 5 MW and up to 25 MW.	13% for the entire tariff period of 40 years
Energy Losses	0.7% of net generation.		
Interest Rate on Loans	<ul style="list-style-type: none"> • For solar PV projects - 9.99% per annum. • For SHP projects - 10% per annum. • Generic levelised tariff - average State Bank of India Marginal Cost of Funds based Lending Rate (one-year tenor) prevalent during the last available six months prior to the effective date of tariff plus 200 basis points. • Project specific tariff - minimum of weighted average rate or weighted average of one-year tenor MCLR prevailing during the last available six months prior to the effective date of tariff. 		
Depreciation	• 5.28% till the time the loan component of the capital cost is repaid, and balance depreciation spread over the remaining useful life of the project, in straight line method.		
Return on Equity	17% per annum on pre-tax basis.		
Interest on Working Capital	<ul style="list-style-type: none"> • For solar PV projects - 10.99% per annum. • For SHP projects - 11% per annum. • Generic levelised tariff - average State Bank of India Marginal Cost of Funds based Lending Rate (one-year tenor) prevalent during the last available six months prior to the effective date of tariff plus 300 basis points. - Project specific tariff - average of one-year tenor MCLR prevailing during the last available six months prior to the effective date of tariff. 		

OTHER PROVISIONS

Tariff structure and design	Generic, levelised, single part tariff for the tariff period.
Subsidy or/and incentives by the government	<ul style="list-style-type: none"> • For solar PV projects -only accelerated depreciation is considered. • All incentives or subsidies provided by the central or state governments excluding accelerated depreciation benefit. • Only 75% of capital cost shall be considered.
Taxes and Duties	Tariff will include all taxes and duties.
Rebate	<ul style="list-style-type: none"> • 2% for payment through Letter of Credit. • 1% for payment not through Letter of Credit but within 1 month from the date of presentation of bills.
Late payment surcharge	1.25% per month for actual number of days for payment of bills beyond a period of 60 days from the date of billing.
Links	http://hperc.org/?page_id=172 http://hperc.org/?page_id=160
References	http://new1.hperc.org/File1/freregu17.pdf http://hperc.org/File/finalsolar2018.pdf http://hperc.org/File/SM70-2018.pdf http://hperc.org/File/fsolar26-18.pdf

*Values of parameters for solar PV projects have been adopted from HP Solar PV Tariff Order for 2018-19.

**Tariff does not consider the impact of accelerated depreciation benefit.